

HOUSE BILL No. 1212

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-12-37.

Synopsis: Standard deduction for homesteads. Provides that an individual and an eligible child are both entitled to a standard deduction from the assessed value of property for an assessment date if: (1) the individual is at least 65 years of age on the assessment date; (2) the individual qualifies a dwelling on the property as a homestead for the assessment date; and (3) the eligible child qualifies a separate dwelling on the property as a homestead for the assessment date.

Effective: January 1, 2017.

Culver

January 11, 2016, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1212

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-12-37, AS AMENDED BY P.L.148-2015,
2 SECTION 7, AS AMENDED BY P.L.207-2015, SECTION 1, AND
3 AS AMENDED BY P.L.245-2015, SECTION 6, IS CORRECTED
4 AND AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JANUARY 1, 2017]: Sec. 37. (a) The following definitions apply
6 throughout this section:

7 (1) "Dwelling" means any of the following:

8 (A) Residential real property improvements that an individual
9 uses as the individual's residence, including a house or garage.

10 (B) A mobile home that is not assessed as real property that an
11 individual uses as the individual's residence.

12 (C) A manufactured home that is not assessed as real property
13 that an individual uses as the individual's residence.

14 (2) "Homestead" means an individual's principal place of
15 residence:

16 (A) that is located in Indiana;

17 (B) that:



- (i) the individual owns;
- (ii) the individual is buying under a contract; recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence, *and that obligates the owner to convey title to the individual upon completion of all of the individual's contract obligations*;
- (iii) the individual is entitled to occupy as a tenant-stockholder (as defined in 26 U.S.C. 216) of a cooperative housing corporation (as defined in 26 U.S.C. 216); or
- (iv) is a residence described in section 17.9 of this chapter that is owned by a trust if the individual is an individual described in section 17.9 of this chapter; and
- (C) that consists of a dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

Except as provided in subsection (k), the term does not include property owned by a corporation, partnership, limited liability company, or other entity not described in this subdivision.

(b) Each year a homestead is eligible for a standard deduction from the assessed value of the homestead for an assessment date. Except as provided in subsection (p), the deduction provided by this section applies to property taxes first due and payable for an assessment date only if an individual has an interest in the homestead described in subsection (a)(2)(B) on:

- (1) the assessment date; or
- (2) any date in the same year after an assessment date that a statement is filed under subsection (e) or section 44 of this chapter, if the property consists of real property.

Except as provided in subsection (t), if more than one (1) individual or entity qualifies property as a homestead under subsection (a)(2)(B) for an assessment date, only one (1) standard deduction from the assessed value of the homestead may be applied for the assessment date. Subject to subsection (c), the auditor of the county shall record and make the deduction for the individual or entity qualifying for the deduction.

(c) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:

- (1) sixty percent (60%) of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or



(2) forty-five thousand dollars (\$45,000).

(d) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

(e) Except as provided in sections 17.8 and 44 of this chapter and subject to section 45 of this chapter, an individual who desires to claim the deduction provided by this section must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the homestead is located. The statement must include:

(1) the parcel number or key number of the property and the name of the city, town, or township in which the property is located;

(2) the name of any other location in which the applicant or the applicant's spouse owns, is buying, or has a beneficial interest in residential real property;

(3) the names of:

(A) the applicant and the applicant's spouse (if any):

(i) as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number; or

(ii) that they use as their legal names when they sign their names on legal documents;

if the applicant is an individual; or

(B) each individual who qualifies property as a homestead under subsection (a)(2)(B) and the individual's spouse (if any):

(i) as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number; or

(ii) that they use as their legal names when they sign their names on legal documents;

if the applicant is not an individual; and

(4) either:

(A) the last five (5) digits of the applicant's Social Security number and the last five (5) digits of the Social Security number of the applicant's spouse (if any); or

(B) if the applicant or the applicant's spouse (if any) does not



1 have a Social Security number, any of the following for that
2 individual:

3 (i) The last five (5) digits of the individual's driver's license
4 number.

5 (ii) The last five (5) digits of the individual's state
6 identification card number.

7 (iii) If the individual does not have a driver's license or a
8 state identification card, the last five (5) digits of a control
9 number that is on a document issued to the individual by the
10 *federal ~~United States~~ government and determined by the*
11 *department of local government finance to be acceptable.*

12 If a form or statement provided to the county auditor under this section,
13 IC 6-1.1-22-8.1, or IC 6-1.1-22.5-12 includes the telephone number or
14 part or all of the Social Security number of a party or other number
15 described in subdivision (4)(B) of a party, the telephone number and
16 the Social Security number or other number described in subdivision
17 (4)(B) included are confidential. The statement may be filed in person
18 or by mail. If the statement is mailed, the mailing must be postmarked
19 on or before the last day for filing. The statement applies for that first
20 year and any succeeding year for which the deduction is allowed. With
21 respect to real property, the statement must be completed and dated in
22 the calendar year for which the person desires to obtain the deduction
23 and filed with the county auditor on or before January 5 of the
24 immediately succeeding calendar year. With respect to a mobile home
25 that is not assessed as real property, the person must file the statement
26 during the twelve (12) months before March 31 of the year for which
27 the person desires to obtain the deduction.

28 (f) If an individual who is receiving the deduction provided by this
29 section or who otherwise qualifies property for a deduction under this
30 section:

31 (1) changes the use of the individual's property so that part or all
32 of the property no longer qualifies for the deduction under this
33 section; or

34 (2) is no longer eligible for a deduction under this section on
35 another parcel of property because:

36 (A) the individual would otherwise receive the benefit of more
37 than one (1) deduction under this chapter; or

38 (B) the individual maintains the individual's principal place of
39 residence with another individual who receives a deduction
40 under this section;

41 the individual must file a certified statement with the auditor of the
42 county, notifying the auditor of the change of use, not more than sixty



(60) days after the date of that change. An individual who fails to file the statement required by this subsection is liable for any additional taxes that would have been due on the property if the individual had filed the statement as required by this subsection plus a civil penalty equal to ten percent (10%) of the additional taxes due. The civil penalty imposed under this subsection is in addition to any interest and penalties for a delinquent payment that might otherwise be due. One percent (1%) of the total civil penalty collected under this subsection shall be transferred by the county to the department of local government finance for use by the department in establishing and maintaining the homestead property data base under subsection (i) and, to the extent there is money remaining, for any other purposes of the department. This amount becomes part of the property tax liability for purposes of this article.

(g) The department of local government finance ~~shall~~ *may* adopt rules or guidelines concerning the application for a deduction under this section.

(h) This subsection does not apply to property in the first year for which a deduction is claimed under this section if the sole reason that a deduction is claimed on other property is that the individual or married couple maintained a principal residence at the other property on ~~March~~ *the assessment date* in the same year in which an application for a deduction is filed under this section or, if the application is for a homestead that is assessed as personal property, on ~~March~~ *the assessment date* in the immediately preceding year and the individual or married couple is moving the individual's or married couple's principal residence to the property that is the subject of the application. Except as provided in subsection (n), the county auditor may not grant an individual or a married couple a deduction under this section if:

- (1) the individual or married couple, for the same year, claims the deduction on two (2) or more different applications for the deduction; and
- (2) the applications claim the deduction for different property.

(i) The department of local government finance shall provide secure access to county auditors to a homestead property data base that includes access to the homestead owner's name and the numbers required from the homestead owner under subsection (e)(4) for the sole purpose of verifying whether an owner is wrongly claiming a deduction under this chapter or a credit under IC 6-1.1-20.4, IC 6-1.1-20.6, or ~~IC 6-3.5.~~ **IC 6-3.6-5.**

(j) A county auditor may require an individual to provide evidence



1 proving that the individual's residence is the individual's principal place
 2 of residence as claimed in the certified statement filed under subsection
 3 (e). The county auditor may limit the evidence that an individual is
 4 required to submit to a state income tax return, a valid driver's license,
 5 or a valid voter registration card showing that the residence for which
 6 the deduction is claimed is the individual's principal place of residence.
 7 The department of local government finance shall work with county
 8 auditors to develop procedures to determine whether a property owner
 9 that is claiming a standard deduction or homestead credit is not eligible
 10 for the standard deduction or homestead credit because the property
 11 owner's principal place of residence is outside Indiana.

12 (k) As used in this section, "homestead" includes property that
 13 satisfies each of the following requirements:

14 (1) The property is located in Indiana and consists of a dwelling
 15 and the real estate, not exceeding one (1) acre, that immediately
 16 surrounds that dwelling.

17 (2) The property is the principal place of residence of an
 18 individual.

19 (3) The property is owned by an entity that is not described in
 20 subsection (a)(2)(B).

21 (4) The individual residing on the property is a shareholder,
 22 partner, or member of the entity that owns the property.

23 (5) The property was eligible for the standard deduction under
 24 this section on March 1, 2009.

25 (l) If a county auditor terminates a deduction for property described
 26 in subsection (k) with respect to property taxes that are:

27 (1) imposed for an assessment date in 2009; and

28 (2) first due and payable in 2010;

29 on the grounds that the property is not owned by an entity described in
 30 subsection (a)(2)(B), the county auditor shall reinstate the deduction if
 31 the taxpayer provides proof that the property is eligible for the
 32 deduction in accordance with subsection (k) and that the individual
 33 residing on the property is not claiming the deduction for any other
 34 property.

35 (m) For assessment dates after 2009, the term "homestead" includes:

36 (1) a deck or patio;

37 (2) a gazebo; or

38 (3) another residential yard structure, as defined in rules *that may*
 39 *be* adopted by the department of local government finance (other
 40 than a swimming pool);

41 that is assessed as real property and attached to the dwelling.

42 (n) A county auditor shall grant an individual a deduction under this



section regardless of whether the individual and the individual's spouse claim a deduction on two (2) different applications and each application claims a deduction for different property if the property owned by the individual's spouse is located outside Indiana and the individual files an affidavit with the county auditor containing the following information:

(1) The names of the county and state in which the individual's spouse claims a deduction substantially similar to the deduction allowed by this section.

(2) A statement made under penalty of perjury that the following are true:

(A) That the individual and the individual's spouse maintain separate principal places of residence.

(B) That neither the individual nor the individual's spouse has an ownership interest in the other's principal place of residence.

(C) That neither the individual nor the individual's spouse has, for that same year, claimed a standard or substantially similar deduction for any property other than the property maintained as a principal place of residence by the respective individuals.

A county auditor may require an individual or an individual's spouse to provide evidence of the accuracy of the information contained in an affidavit submitted under this subsection. The evidence required of the individual or the individual's spouse may include state income tax returns, excise tax payment information, property tax payment information, driver license information, and voter registration information.

(o) If:

(1) a property owner files a statement under subsection (e) to claim the deduction provided by this section for a particular property; and

(2) the county auditor receiving the filed statement determines that the property owner's property is not eligible for the deduction;

the county auditor shall inform the property owner of the county auditor's determination in writing. If a property owner's property is not eligible for the deduction because the county auditor has determined that the property is not the property owner's principal place of residence, the property owner may appeal the county auditor's determination to the county property tax assessment board of appeals as provided in IC 6-1.1-15. The county auditor shall inform the property owner of the owner's right to appeal to the county property tax assessment board of appeals when the county auditor informs the



property owner of the county auditor's determination under this subsection.

(p) An individual is entitled to the deduction under this section for a homestead for a particular assessment date if:

(1) either:

(A) the individual's interest in the homestead as described in subsection (a)(2)(B) is conveyed to the individual after the assessment date, but within the calendar year in which the assessment date occurs; or

(B) the individual contracts to purchase the homestead after the assessment date, but within the calendar year in which the assessment date occurs;

(2) on the assessment date:

(A) the property on which the homestead is currently located was vacant land; or

(B) the construction of the dwelling that constitutes the homestead was not completed;

(3) either:

(A) the individual files the certified statement required by subsection (e) on or before December 31 of the calendar year in which the assessment date occurs to claim the deduction under this section; or

(B) a sales disclosure form that meets the requirements of section 44 of this chapter is submitted to the county assessor on or before December 31 of the calendar year for the individual's purchase of the homestead; and

(4) the individual files with the county auditor on or before December 31 of the calendar year in which the assessment date occurs a statement that:

(A) lists any other property for which the individual would otherwise receive a deduction under this section for the assessment date; *and*

(B) *cancels the deduction described in clause (A) for that property.*

An individual who satisfies the requirements of subdivisions (1) through (4) is entitled to the deduction under this section for the homestead for the assessment date, even if on the assessment date the property on which the homestead is currently located was vacant land or the construction of the dwelling that constitutes the homestead was not completed. The county auditor shall apply the deduction for the assessment date and for the assessment date in any later year in which the homestead remains eligible for the deduction. A homestead that



qualifies for the deduction under this section as provided in this subsection is considered a homestead for purposes of section 37.5 of this chapter and IC 6-1.1-20.6. *The county auditor shall cancel the deduction under this section for any property that is located in the county and is listed on the statement filed by the individual under subdivision (4). If the property listed on the statement filed under subdivision (4) is located in another county, the county auditor who receives the statement shall forward the statement to the county auditor of that other county, and the county auditor of that other county shall cancel the deduction under this section for that property.*

(q) This subsection applies to an application for the deduction provided by this section that is filed for an assessment date occurring after December 31, 2013. Notwithstanding any other provision of this section, an individual buying a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property under a contract providing that the individual is to pay the property taxes on the mobile home or manufactured home is not entitled to the deduction provided by this section unless the parties to the contract comply with IC 9-17-6-17.

(r) This subsection:

(1) applies to an application for the deduction provided by this section that is filed for an assessment date occurring after December 31, 2013; and

(2) does not apply to an individual described in subsection (q).

The owner of a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property must attach a copy of the owner's title to the mobile home or manufactured home to the application for the deduction provided by this section.

(s) For assessment dates after 2013, the term "homestead" includes property that is owned by an individual who:

(1) is serving on active duty in any branch of the armed forces of the United States;

(2) was ordered to transfer to a location outside Indiana; and

(3) was otherwise eligible, without regard to this subsection, for the deduction under this section for the property for the assessment date immediately preceding the transfer date specified in the order described in subdivision (2).

For property to qualify under this subsection for the deduction provided by this section, the individual described in subdivisions (1) through (3) must submit to the county auditor a copy of the individual's transfer orders or other information sufficient to show that the individual was ordered to transfer to a location outside Indiana. The property continues



1 to qualify for the deduction provided by this section until the individual
2 ceases to be on active duty, the property is sold, or the individual's
3 ownership interest is otherwise terminated, whichever occurs first.
4 Notwithstanding subsection (a)(2), the property remains a homestead
5 regardless of whether the property continues to be the individual's
6 principal place of residence after the individual transfers to a location
7 outside Indiana. However, the property ceases to qualify as a
8 homestead under this subsection if the property is leased while the
9 individual is away from Indiana. Property that qualifies as a homestead
10 under this subsection shall also be construed as a homestead for
11 purposes of section 37.5 of this chapter.

12 **(t) As used in this subsection, "eligible child" means a child of**
13 **an individual, a child of the individual's current or former spouse,**
14 **or a descendant of the term. If:**

15 **(1) an individual is sixty-five (65) years of age or older on an**
16 **assessment date;**

17 **(2) the individual qualifies a dwelling on the property as a**
18 **homestead for the assessment date; and**

19 **(3) the individual's eligible child qualifies a separate dwelling**
20 **on the property as a homestead for the assessment date;**

21 **both the individual and the individual's eligible child are entitled**
22 **to a standard deduction from the assessed value of the property for**
23 **the assessment date.**

